

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11 Case No.
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	: 08-13555 (JMP)
Debtors.	: (Jointly Administered)
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**SUPPLEMENTAL DECLARATION AND
DISCLOSURE STATEMENT OF MAÎTRE MARC
KLEYR, ON BEHALF OF KLEYR GRASSO ASSOCIES**

Maître MARC KLEYR, *Avocat à la Cour*, residing professionally at 122, rue Adolphe Fischer in L-1521 Luxembourg, Grand-Duchy of Luxembourg, deposes and says as follows:

1. I am a lawyer admitted to the Luxembourg Bar Association and managing partner of KLEYR GRASSO ASSOCIES, located at 122, rue Adolphe Fischer in L-1521 Luxembourg, Grand-Duchy of Luxembourg (the "Firm").

2. On November 17, 2008, I executed an affidavit and disclosure statement (the "OCP Declaration") [Docket No. 1547] in support of the retention of the Firm as an ordinary course professional by Lehman Brothers Holdings Inc. and its affiliated debtors in the above-captioned chapter 11 cases (together, the "Debtors"). The Firm was retained to serve as local counsel in Luxembourg with respect to insolvency and corporate law issues and questions in relation to Luxembourg direct or indirect subsidiaries or affiliates of the Debtors.

3. On March 2, 2010, the Debtors filed an Application Pursuant to Sections 327(e) of the Bankruptcy Code and Rule 2014 of the Bankruptcy Rules for Authorization to Employ Kleyr Grasso Associates as Special Counsel, *Nunc Pro Tunc* to June 1, 2009 (the "Application")¹ [Docket No. 7360], together with copies of my declaration in support thereof

¹ Capitalized terms used but not defined herein have the meaning ascribed to them in the Application.

(the “2010 Declaration”).² By order, dated March 25, 2010, the United States Bankruptcy Court for the Southern District of New York granted the Application [Docket No. 7825].

4. This declaration supplements the Application and 2010 Declaration, pursuant to Federal Rule of Bankruptcy Procedure 2014.

5. As set forth in the Application (¶19) and 2010 Declaration (¶25), the Firm charged the Debtors based on hourly rates of €385 for services provided by partners, hourly rates of €275 for services provided by senior associates, hourly rates of €235 for services provided by associates and hourly rates of €175 for services provided by junior associates. In accordance with relevant Court orders and Local Rules, the Firm converted its invoices and fee applications from Euros to U.S. dollars. As indicated in the Application (fn. 1) and the 2010 Declaration (¶25), the compensation arrangement was subject to periodic revisions in the Firm’s ordinary course of its business, and the Firm agreed to advise the Debtors of any changes. The Firm did not increase its hourly rates from October 2008 through December 2010.

6. In the ordinary course of its business, since the commencement of the Debtors’ chapter 11 cases, the Firm billed its non-Debtor clients at hourly billing rates that ranged from €385 to €445 for partners, from €275 to €310 for senior associates, from €235 to €265 for associates, and from €175 to €205 for junior associates. Since January 1, 2011, the Firm billed its non-Debtor clients, in the ordinary course of its business, at hourly billing rates that ranged from €420 to €480 for partners, from €295 to €330 for senior associates, from €255 to €285 for associates, and from €195 to €225 for junior associates

7. On January 17, 2011, the Firm notified the Debtors of the Firm’s intent to increase its hourly rates, effective as of January 1, 2011. Based upon the level of effort and

² The 2010 Declaration incorporates the OCP Declaration by reference.

related experience required to perform its services, the Firm increased its hourly rates charged to the Debtors by €20 to €35 per hour. The chart below indicates the respective rate increases effective January 1, 2011:

<u>Team Member</u>	<u>Hourly Billing Rate</u> <u>2008 to 2010</u>	<u>Hourly Billing Rate</u> <u>2011</u>
Partner	€385	€420
Senior Associate	€275	€295
Associate	€235	€255
Junior Associate	€175	€195

8. The Debtors reviewed and consented to the Firm's request, which it found to be reasonable. The Firm sets its hourly rates and billing policies based on market conditions and comparisons among certain firms of a size, location and practice similar to the Firm. The Debtors will be billed using the lowest rate in the range of hourly rates billed by the Firm for similar services to its non-Debtor clients.

By Marc KLEYR
Managing Partner

